

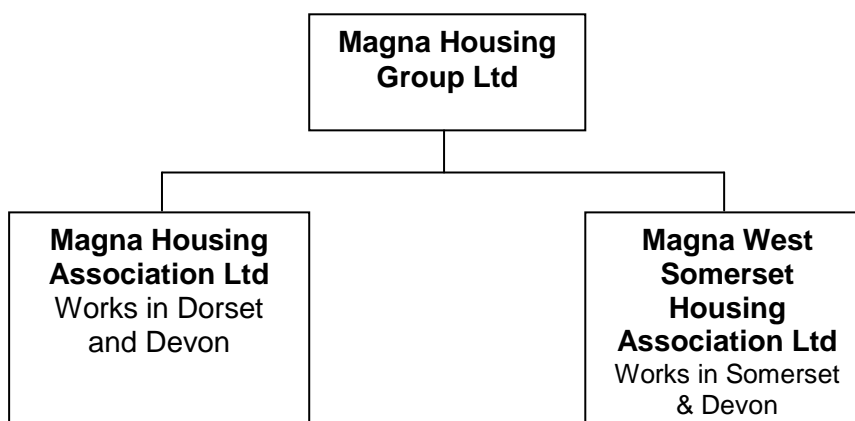
ANNUAL MAGNA WEST SOMERSET REPORT TO MINEHEAD PANEL

9 DECEMBER 2015

What is Magna West Somerset (MWS) and what is its role?

1. MWS owns and manages 2335 mainly rented homes, 87% of which are located in West Somerset. MWS is an independent and charitable housing association. Magna Housing Group has a Board of 9 voluntary members. The role of the Board is to set the direction for the association, to agree its Strategy and policies, to agree the Business Plan and annual budgets as well as monitoring its performance and the quality of services provided to its residents.

The structure of Magna Housing Group:



2. The Board delegates the operational management of MWS to a Director and 90 staff. MWS are based in two offices in Williton.
3. As a housing association, MWS is regulated by the Homes & Communities Agency (HCA) a government body. The HCA is responsible for monitoring the governance and financial viability of MWS. MWS's Purpose is "To help people meet their housing needs and aspirations".

MWS's Finances

4. MWS's main source of income comes from tenant rents and service charges of £12.3 million for 2015/16. It also runs a number of privately funded services in West Somerset; a lifeline service for 600 private customers, a community meals on wheels service (within a 10 mile radius of Watchet), a handyman gardening service for the elderly and disabled and a home help service.
5. The average MWS tenant rent is about £90.16 per week, which is about 60% of a rent in the private sector. Some 60% of MWS tenants

are in receipt of full or partial housing benefit. Many MWS tenants are affected and will in future be affected by the new welfare reforms.

MWS's Housing Stock in the Area covered by the Minehead Panel Area

6. Of the 2335 homes MWS owns, 539 (23.1%) are located within the Minehead Panel area:

	Numbers of Homes
Alcombe (inc. 51 sheltered and 26 extra care housing homes)	234
Minehead (inc. 17 sheltered housing homes)	305
Total	539

What has happened in the Minehead Area

7. We carry out an annual planned maintenance programme and during 2015/16 and 2016/17, the following works will or have been carried out in the Minehead Area Panel area:

2015/16

<u>Work Type</u>	<u>Number</u>
New kitchens	5
New bathrooms	27
New heating/boilers	45
New roofs	8

In 2015/16, all of the homes that MWS owns in Alcombe and Minehead will or have been externally decorated as part of our 5 yearly painting programme.

2016/17

<u>Work Type</u>	<u>Number</u>
New kitchens	23
New bathrooms	23
New heating/boilers	31
New roofs	24

How properties are let?

8. All lettings take place using the Somerset-wide Homefinder Choice Based Lettings Scheme. We work very closely with the Housing Options team in West Somerset Council on choice based lettings and house a number of priority need households each year. In West Somerset, MWS gives preference to local people when it advertises homes in rural villages. From April 2014 – March 2015, 26 properties were let in the Minehead area. For the current year April 2015 – 31 October 2015, 19 properties have been let.

Building New Affordable Homes

9. Since 1998, MWS has acquired or built over 400 affordable homes for rent or low cost sale. MWS has worked to maximise its Business Plan capacity to fund new homes. MWS has been successful in obtaining funding from government bodies over the past 10 years. Grant levels and the total amount of grant have reduced significantly since 2012, as part of the planned cuts in government spending. In the Panel area, we have one new affordable scheme at Ellicombe in Alcombe, which will be ready to let early in 2016. It will comprise of 9 one bedroomed flats that will be let at social rent levels.
10. Because of the very low levels of Government grant and rent reductions over the next 4 years, Magna has decided it is not viable to borrow more money to build new homes. Magna's focus is to pay off its debts of £52 million and to focus on providing high quality services to its tenants.
11. MWS also has a number of redundant garage sites where there is no or very little demand to let them and some small plots of land, which might have a development potential. We have tried ourselves to develop these sites over the past few years and we have not succeeded because they are not financially viable. At most, these sites could be used to build one or two houses. We are looking to sell a number of these garage sites and plots of land to strengthen MWS's Business Plan.

Some Achievements over the past 12 Months

12. Key Performance Indicators at 30 September 2015
 - 12.1 Average relet time for all properties was 11.2 days (1.6 weeks), which puts us in the top quartile of housing association performers.
 - 12.2 Overall, rent arrears stand at 1.99%, which is top quartile.
 - 12.3 From our big tenant survey in 2015, the headline results are that 89% of MWS tenants are satisfied with the services provided.

87% of MWS tenants are satisfied with the way we deal with repairs and maintenance and 75% are satisfied that MWS listens to tenants' views and act on them.

12.4 MWS will spend £3 million on major repairs and planned maintenance in the 12 months ending 31 March 2016. One of the priorities for MWS is to improve the energy efficiency of residents' homes and we are installing new heating systems with air source heat pumps to replace the inefficient electric storage heaters and will reduce residents' energy bills.

Housing policy changes since 2015 Election and the impact on Magna's Strategy from 2016

13. In the July 2015 budget, it was announced that all social landlords will have to reduce rents by 1% each year for the next 4 years from April 2016. This will reduce Magna's rental income by about 12% by 2020/21 compared to our current forecasts, where we expected rents to increase by inflation plus 1%. The Government sees this as housing associations' contribution to reducing the housing benefit bill.
14. Magna's Board's response to these rent reductions in its review of its Strategy is that it wants to maintain high quality services, as far as possible for our tenants. This includes maintaining the Magna Repairs Standard, which is higher than the Government's Decent Homes Standard. The Board wants to keep to its plan to pay off Magna's debts and not to borrow more to build new homes.
15. Magna's plan to cope with 4 years of rent decreases is to make some savings in repairs costs, staffing and office running costs. We plan to sell 75 rented properties that MWS owns in Mid and North Devon to other social landlords who work in these areas. We also plan to sell a small number of empty properties over the 4 year period in Somerset that are not cost effective to repair and improve. As referred to earlier, we will continue to sell a number of redundant garage sites and small pieces of land.
16. The other housing policy changes include a plan to introduce a "Pay to Stay" scheme for some tenants who earn more than £30,000. These tenants will be expected to pay a close to market rent rather than a social rent to stay in their homes. We are waiting for further details from the Government about how this will operate.
17. There is a commitment from the Government to introduce a "Right to Buy" for all Housing Association tenants with a high level of discount. Housing Associations have been promised a full amount of compensation so that the properties sold can be replaced. Magna and the majority of housing associations have agreed to implement this scheme on a voluntary basis, rather than having legislation imposed on them. There are many questions about how this will be implemented and we are waiting for further information from the Government.

18. Finally, significant welfare benefit cuts were introduced in the July 2015 budget. These include a freeze on housing benefit and other benefits for 4 years from April 2016. A new household benefit cap of £20,000 per year for working aged families (this is currently £26,000 per year). This is all likely to impact on our tenants' ability to pay their rent and potentially threatens Magna's main source of income.
19. We are confident that Magna will be well placed to deal with the impact of the rent reductions and welfare benefit cuts because of our relative financial strength and good performance in income management.

Neighbourhood Walkabouts

20. MWS carries out a widely publicised annual programme of neighbourhood walkabouts covering all areas in West Somerset. These are attended by housing officers and surveyors, local police, community support officers and tenant representatives. The aim of these is to proactively deal with local issues of concern, such as outstanding repairs, neighbour or estate management issues. We would welcome local County District and Town and Parish Councillors who may want to join us on these walkabouts. Attached to this report is a list of MWS walkabouts for the remainder of 2015/16 and if any councillor is interested in attending a walkabout or would like to raise an issue, they should contact Lee Ellis, Senior Housing Officer, on 01984 635120 or by e-mail: lee.ellis@magna.org.uk

Tony Murray
MWS Director

Tele: 01984 635102
E-mail: tony.murray@magna.org.uk